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Overview of collective bargaining in Canada 2015

***Workplace Information and Research Division
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Canada

Overview of Collective Bargaining in Canada 2015

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In brief

- In 2015, out of the 588 major¹ collective bargaining negotiations underway in Canada, 318 were carried over from 2014. Out of these 588 negotiations, 223 were settled in 2015.
- Over half (53%) of the 722,070 employees covered by a ratified agreement were in the education, health and social services industry.
- The average wage adjustment over the duration of the contracts was 1.3% for major settlements in 2015, a small decrease from 1.7% in 2014. The average wage gain in the federal jurisdiction (2.4%) was twice as high as the average across the provincial jurisdictions (1.2%). The average wage adjustment was higher in the private sector (1.8%) than in the public sector (1.0%).
- Almost two-thirds (65.8%) of all major agreements ratified in 2015 were settled by direct bargaining (compared to 72.2% in 2014).
- A total of 61 work stoppages in 2015 resulted in 1,265,640 person days not worked (PDNW). This compares to 16 stoppages in 2014 resulting in 1,248,040 PDNW. About 80% of the PDNW in 2015 can be attributed to 42 public-sector rotating strikes in Quebec.
- Union coverage increased from 30.4% in 2014 to 30.6% in 2015. All provinces had slight increases, except Newfoundland and Labrador, Ontario and Saskatchewan, which experienced decreases.

Introduction

This report focuses on collective bargaining outcomes in Canada during 2015. It begins by describing the economic and labour market climate of the past year.

It then provides an overview of major agreements covering 500 or more employees across Canada and their characteristics (e.g. wage adjustments, contract durations and negotiated working conditions), as well as work stoppage activity and union coverage in Canada.

Methodology

The report uses the concept of the average wage adjustment over the duration of the collective bargaining contract. An agreement will stipulate a series of wage increases over the duration of the contract. Supposing, for example, an increase of 0%, 1.5%, 1% and 0.5% for the first, second, third and fourth years of a four-year contract, the average wage adjustment over the four years of the contract is 0.75%.²

Slow economic growth characterizes 2015

In 2015, Newfoundland and Labrador, Saskatchewan and Alberta were in recession. The main cause was a significant decline in oil prices through much of the year. It was the second consecutive year of recession for Newfoundland and Labrador. For Canada as whole, the 2015 Gross Domestic Product (GDP) growth rate (1.2%), expressed in constant dollars, was about half of what it was in 2014 (2.5%). The main contributors to the decline were from the two western provinces entering into recession coupled with slightly lower growth rates in British Columbia, Ontario and Quebec.

Industry GDP contracted in the mining and oil and gas extraction industry and in the construction industry in 2015. There was a slight contraction in the utilities sector, and the manufacturing sector remained flat. In 2015, overall GDP growth was mainly driven by the services sector.

¹ All data reported in this report relates to major collective agreements covering 500 or more employees across Canada. Results presented in this report are based on 2015 data.

² For more details please refer to: http://www.labour.gc.ca/eng/resources/info/datas/wages/technical_notes.shtml

Labour Market³

In 2015, employment in Canada grew by 0.8%, a slightly higher rate than in 2014 (0.6%), but below the average annual rate of 1.4% from 2010 to 2013. Employment growth in 2015 was entirely in full-time positions, which increased by 191,000. Part-time jobs fell by 39,600.

Despite continuous increases in employment since the end of the 2008-09 recession, the average employment rate (61.3%) in Canada in 2015 was still below its pre-recession high, reached in 2007 and 2008 (63.4%). However, some of this decline was due to a higher proportion of the retirement-age population being in the workforce (i.e. persons aged 55 and over).

In 2015, the unemployment rate for Canada was unchanged from 2014, at 6.9%. It increased in Alberta, Saskatchewan, and Newfoundland and Labrador, remaining either constant or decreasing in all other provinces. In spite of ongoing increases in employment since the 2008-09 recession, the unemployment rate still remained above its previous historical low of 6.0% in 2007.

Overall, the employment statistics indicate significant continued slack in the labour market.

Settlements

In 2015, there have been 588 major⁴ collective bargaining negotiations underway in Canada, of which 318 were carried over from the prior years. Out of these 588 negotiations, 223 were settled leaving 365 ongoing negotiations at the end of the year. The 223 settled agreements covered 722,070 employees.

Of the 223 settled agreements, 135 (covering 496,040 employees) were in the public sector and 88 (covering 226,030 employees) in the private sector.

³ All labour force data sourced from Statistics Canada, *Labour force survey estimates*, Table 282-0002.

⁴ All data reported in this report relates to major collective agreements covering 500 or more employees across Canada. Results presented in this report are based on 2015 data.

In the federal jurisdiction,⁵ 77 major negotiations took place throughout 2015. Of these, 23 were settled (47,860 employees) by end of year.

The majority of employees covered by a newly ratified agreement were in the EHSS industry

Over half (54%) of employees covered by a newly ratified agreement in 2015 were in the EHSS industry. The second largest percentage of employees covered by a newly ratified agreement was in public administration (13%) (Chart 1).

Chart 1: The employment distribution of newly ratified agreements by industry

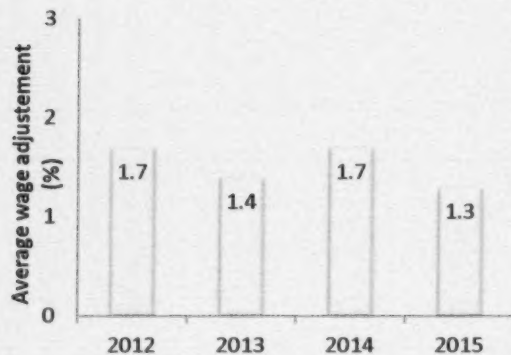


Relative to 2014, the average wage adjustment decreased in 2015

The average wage adjustment over the duration of the contract was 1.3% for major settlements in 2015, a small decrease from 1.7% in 2014 (Chart 2).

⁵ Federal-jurisdiction employers are defined as those within the jurisdiction of any of the following Acts of the Parliament of Canada: (1) the Canada Labour Code Part I; (2) the Status of the Artist Act; (3) the Public Service Labour Relations Act; or (4) the Parliamentary Employment and Staff Relations Act. Provincial-jurisdiction employers are those not under the federal jurisdiction in the respective province or territory.

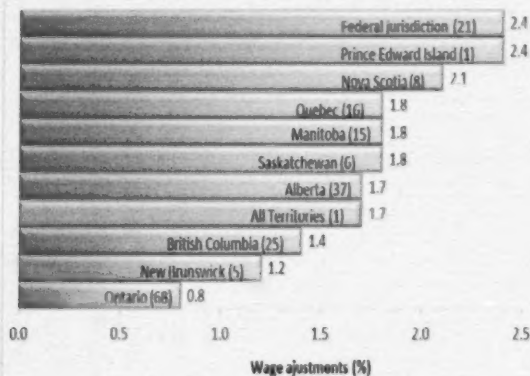
Chart 2: Wage adjustments for all sectors



Wage growth across jurisdictions

The average wage adjustment in the federal jurisdiction (2.4%) was twice as high as the average across provincial jurisdictions (1.2%). Among provincial jurisdictions, the highest average wage adjustment (2.4%) was recorded in Prince Edward Island. The lowest average wage adjustment (0.8%) amongst all jurisdictions was in Ontario (Chart 3).

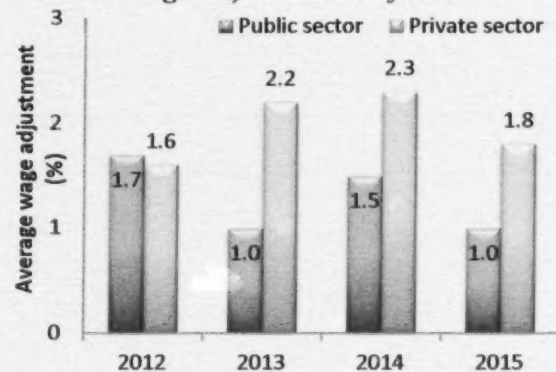
Chart 3: Wage adjustments by jurisdiction (number of agreements in brackets)



Wage growth across sectors

In 2015, more than half of all settled agreements (61%) were in the public sector. Public-sector employees overall received a lower average wage adjustment (1.0%) than those in the private sector (1.8%). In fact, since 2013, the average wage adjustment in the private sector has been higher than that in the public sector (Chart 4).

Chart 4: Wage adjustments by sector



Public sector wage and salary restraint, connected to government budgetary deficit restraint, coupled with worsening economic growth and deteriorating labour market conditions, were factors leading to lower overall wage adjustments in 2015 compared to 2014.

Public sector wage increases

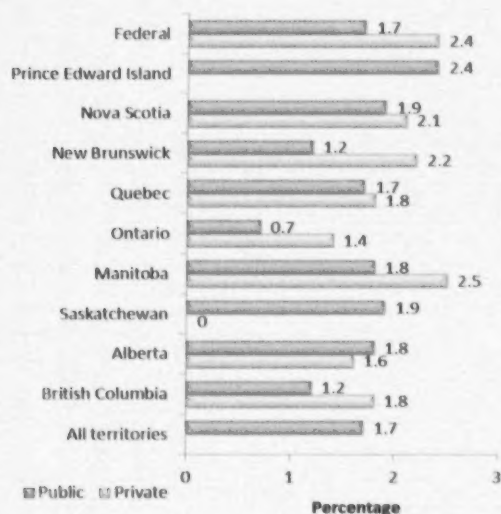
The 452,790 employees in the public sector with newly settled agreements negotiated a lower average wage adjustment (1.0%) in 2015, compared to employees with a newly settled agreement in 2014 (1.5%).

Over two-thirds of public-sector settlements were in the jurisdictions of Ontario, British Columbia and Alberta. These jurisdictions also contained the largest proportion of employees (81%) who ratified an agreement in 2015.⁶

The highest average wage adjustment in the public sector (2.4%) was recorded in the jurisdiction of Prince Edward Island and covered 1,210 employees (one agreement) (Chart 5). The 298,640 public-sector employees who settled in Ontario received the lowest average adjustment (0.7%).

⁶ Among agreements provided to the Labour Program that included wage adjustment information.

Chart 5: Wage adjustments by jurisdiction and sector



In the federal-jurisdiction public sector, three agreements were settled: two agreements ratified by Statistics Canada (1,320 employees), both with an average wage adjustment of 1.8%, and one agreement ratified by Atomic Energy Canada (750 employees), with an average wage adjustment of 1.5%.

In the territories, one major agreement was settled, between the Government of Yukon and its 800 teaching staff, who agreed to an average wage adjustment of 1.7%.

Private sector wage increases

A total of 178,270 employees in the private sector negotiated a lower average wage adjustment (1.8%) in 2015, compared to 2014 (2.3%).

The provincial jurisdictions with the largest number of private-sector agreements settled, Ontario (22) and Alberta (18), had average wage adjustments of 1.4% and 1.6%, respectively.

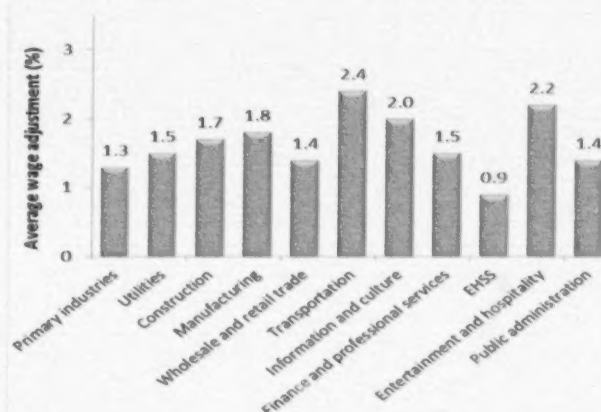
Manitoba had the highest provincial average wage adjustment in the private sector (2.5%), with three agreements covering 2,450 employees. The lowest average among provincial jurisdictions was due to a wage freeze for 900 employees (one agreement) in Saskatchewan.

In the federal jurisdiction, 18 private-sector agreements were settled, covering 43,610 employees and with an average wage adjustment of 2.4%. Among all settled agreements, the agreement between Canadian Pacific Railway and Unifor had the highest average adjustment, 4.3%.

Wage growth across industries

Amongst all industries, employees in transportation received the highest average wage adjustment (2.4%) (Chart 6).

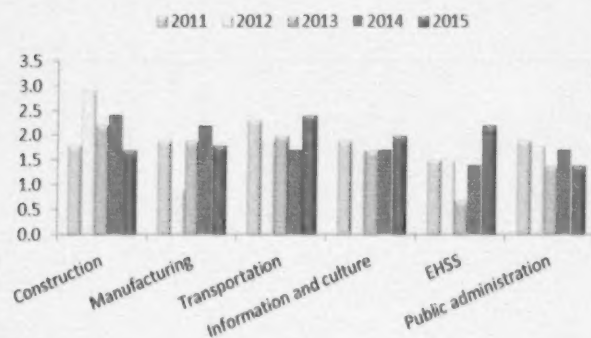
Chart 6: Wage adjustments by industry



In contrast, those in EHSS (representing 53% of total employees with newly settled agreements among all industries) negotiated the lowest (0.9%) wage increase, somewhat lower than the 1.4% increase in this industry in 2014. This was partly due to a 0.5% salary increase received by approximately 192,000 teachers in Ontario.

There can be significant fluctuations in average wage adjustment for newly settled agreements within major industries from year to year (Chart 7). Average wage adjustment in the construction industry, for example, dropped below 2% in 2015 after being above that level for three consecutive years. In 2015, average wage adjustment in EHSS was for the second year significantly higher than the previous year.

Chart 7: Average wage adjustments by major industry (%)



The annual wage increase for 2015 settlements was slightly below inflation

Up until now, this report has looked at the average annual wage increase across the duration of the 223 agreements settled in 2015. In this section, the focus is on annual wage increases in these agreements for 2015 alone.

Agreements settled in 2015 provided employees with an annual wage increase of 1.0% for 2015. This increase was slightly lower than the inflation rate (1.1%) that prevailed during the year.

The annual wage increase for 2015 in the public sector (0.7%) was lower than that in the private sector (1.9%). In the federal jurisdiction, the annual wage increase was 3.4%, whereas across provincial jurisdictions, it was 0.9%.

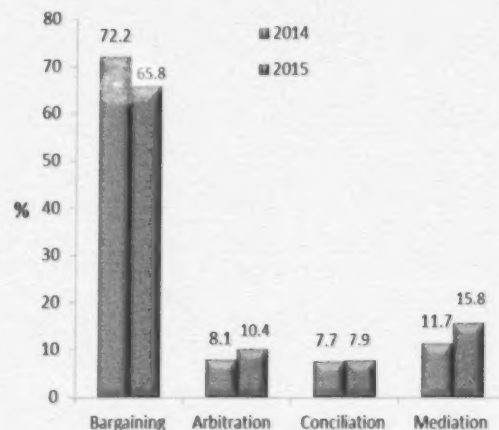
Among the employees covered by agreements concluded in 2015, almost 34% received an annual wage increase that was lower than the inflation rate during that year. Of these employees, more than 20% were subjected to a wage freeze (or 7% of all employees settling in 2015).

Most settlements were reached through direct bargaining

Negotiations may go through various phases before reaching an agreement, of which there are five types: direct bargaining, conciliation, mediation, arbitration and legislation.⁷

Almost two-thirds (65.8%) of all agreements ratified in 2015 were settled after direct bargaining (compared to 72.2% in 2014), 15.8% were settled after mediation (11.7% in 2014), 7.9% after conciliation (7.7% in 2014), and 10.4% after arbitration (8.1% in 2014). As in 2014, no settlement was reached using legislation (Chart 8).

Chart 8: Stages of negotiations before settlement, 2014 and 2015 (%)



⁷ For more details on these various stages please refer to: http://www.labour.gc.ca/eng/resources/info/publications/collective_bargaining/settlements.pdf.

Duration of collective agreements

The average duration of all major agreements settled in 2015 was 43.8 months, slightly less than the 2014 average of 45.9 months. Agreements in the federal jurisdiction recorded an average duration of 59.2 months, whereas agreements in provincial jurisdictions had an average duration of 42.6 months. Amongst all industries, transportation had the longest average contract duration at 62.5 months (Chart 9).

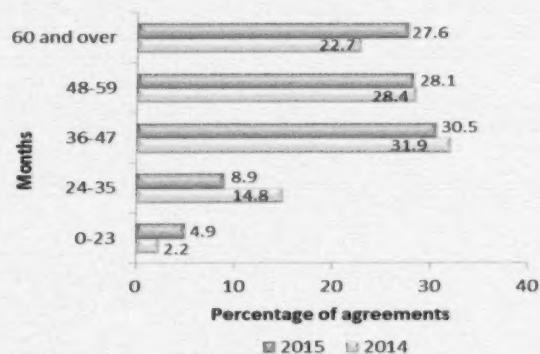
Chart 9: Duration of collective agreements by industry, 2014 and 2015



In 2015, the majority (86%) of agreements had a duration of more than three years (Chart 10). Over half (55.6 %) of the settled agreements had a duration of four years or more.

The proportion of those settled for two to four years fell from 46.7% in 2014 to 39.4% in 2015.

Chart 10: Duration of collective agreements, 2014 and 2015



Innovative clauses in collective agreements⁸

Both employers and unions are keenly interested in responding to new social and economic realities through the development of innovative collective agreement clauses. The following were some of the innovative clauses negotiated in 2015.

Leave clauses

- University of British Columbia and CUPE 2950:** The parties agreed upon a new "pre-placement adoption leave" clause. Employees are eligible for leave with pay for up to 20 days per adoption. The leave may be taken intermittently for the purpose of adoption courses, adoption suitability evaluations, and completion of legal processes.
- HyLife Foods and United Food and Commercial Workers Canada:** The parties agreed on a new "citizenship leave". Employees who have applied to become Canadian citizens will be granted one paid day of leave to take their oath of citizenship.

⁸ Innovative clauses in collective agreements represent innovative solutions for the parties and often pertain to labour-management co-operation, the organization of work (e.g. functional flexibility, team work), working-time management, training and compensation.

Employment equity and diversity

- *Dalhousie University and Nova Scotia Government and General Employees Union:* A labour-management committee will be established to look at the challenges and opportunities related to diversity and inclusion. An effort will be made to have one committee member from each side that is a "racially visible person, an aboriginal person, a person with a disability, or a member of an underrepresented group."
- *York University and CUPE Local 3903 Units 1, 2 and 3:* Within the three months following the ratification of the collective agreement, the Employment Equity Committee will meet to develop a plan for including Lesbian Gay Bisexual Transgender Questioning (LGBTQ) as an employment equity group in the collective agreement.
- *Queen's University and Queen's University Faculty Association:* The parties agreed upon a new employment equity clause. When making appointments, "diverse experiences" and "the many forms that scholarship can take" should also be recognized. Appointment criteria must not systemically discriminate against equity-seeking groups. In addition, candidates shall not be disadvantaged by minor career interruptions due to family responsibilities or disability.
- *Queen's University and Queen's University Faculty Association:* The parties also added a new clause requiring that the Appointment Committee members must have successfully completed equity training within the previous ten years. The requirement takes effect within three years from the date of the contract ratification. Students on the Appointment Committee are exempt from the requirement.

Employee productivity

Moncton Northeast Construction Association and the Labourers' International Union of North America: Under the "productivity clause," if an employee is referred back to the union by three separate employers for unsatisfactory performance, the union is to ensure that the employee is given the earliest opportunity to participate in appropriate retraining or upgrading.

- *Vancouver Island University and Canadian Union of Public Employees:* A clause to establish a joint early intervention program and joint rehabilitation committee was included in the collective agreement by the parties. Employees will be required to participate in the program when they have been absent from work for five consecutive days, or if there is a pattern of absenteeism. The program will be managed by representatives from the union and the employer.

Harassment

- *Loblaws Supermarkets Limited and United Food and Commercial Workers Canada:* The parties created a new policy on harassment, stating that there will be "zero tolerance" for customer rudeness, impropriety, and abuse. Under this policy, no employee shall be required to continue to serve a customer who has engaged in any of these behaviours and management shall take proactive steps to discourage improper customer behaviour.

Salary adjustments

- *Workers' Compensation Board of British Columbia and British Columbia Government and Service Employees' Union (BCGSEU):* In British Columbia, the provincial government, through the Public Sector Employers' Council (PSEC), implemented a "salary increase mandate" for all public service employees. Partially in response to this mandate, the parties agreed to a "me-too agreement" should British Columbia Nurses' Union exceed the PSEC salary increase mandate. In such a scenario, BCGSEU members would receive the same wage increases as those received by the nurses' union.

Work stoppages

In 2015, 61 major work stoppages occurred in Canada,⁹ one of which was a lockout. This compares to 16 work stoppages (including one lockout) in 2014.

Work stoppages in 2015 resulted in 1,372,231 person-days-not-worked (PDNW).¹⁰ About 80% of the PDNW can be attributed to 42 public-sector rotating strikes in Quebec. Those rotating strikes involved 391,536 employees, although many of them were not actually on the picket line due to an essential services agreement. The remaining 20% of PDNW involved 29,121 employees.

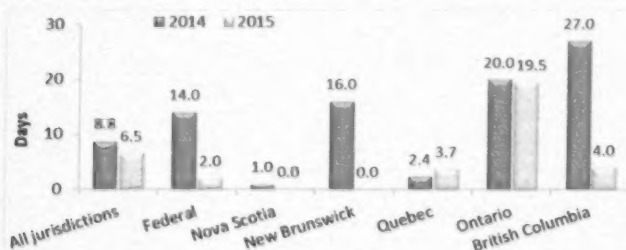
In 2014, the number of PDNW was 1,248,040. About 90% came from rotating strikes involving 42,450 public school teachers in British Columbia. The remaining 10% of PDNW in 2014 was associated with 27,641 employees.

In the federal jurisdiction in 2015 there was only one work stoppage, involving 3,800 employees at Canadian Pacific Railway.

Work stoppages in both the private and the public sector had an average duration of 6 days. The majority of work stoppages (90%) occurred in the public sector.

The longest work stoppage took place in Ontario (44 days). The only work stoppage in the federal jurisdiction lasted 2 days (Chart 11).

Chart 11: Duration of work stoppages by jurisdiction



⁹ A major work stoppage involves at least 500 employees.

¹⁰ PDNW is calculated by multiplying the duration of the strike (in days) by the number of workers involved in the stoppage.

By industry, the largest proportion of work stoppages took place in EHSS (48 work stoppages). There were six work stoppages in public administration; two in wholesale and retail trade; two in entertainment and hospitality; and one in each of the three other industries (transportation, manufacturing, and in finance and professional services industry).

The industry with the longest average duration of work stoppage was entertainment and hospitality industry (14.5 days), and the one with the shortest was transportation (2 days) (Chart 12).

Chart 12: Duration of work stoppages by industry



Union coverage in Canada¹¹

In 2015, a total of 4.6 million workers were covered by a collective agreement, corresponding to a union coverage rate of 30.6%, a slight increase from 30.4% in 2014 (Table 1).

¹¹ This section uses Statistics Canada's *Labour Force Survey*.

Table 1: Union coverage by province, 2014-2015

	Workers covered (000's)		Union coverage (percentage)	
	2014	2015	2014	2015
Canada	4,587.0	4,649.8	30.4	30.6
Newfoundland and Labrador	81.4	79.8	37.8	37.3
Prince Edward Island	20.3	21.3	32.3	34.1
Nova Scotia	119.3	120.5	30.8	30.9
New Brunswick	88.8	90.8	28.6	29.3
Quebec	1,376.6	1,392.8	39.3	39.4
Ontario	1,572.4	1,564.4	27.0	26.8
Manitoba	192.4	197.4	35.4	35.9
Saskatchewan	153.4	155.9	33.3	33.2
Alberta	418.5	452.9	22.1	23.5
British Columbia	564.0	574.1	30.0	30.3

Source: Statistics Canada, Labour Force Survey (CANSIM, table 282-0220).

Union coverage by province

Union coverage increased slightly from 2014 to 2015 in all provinces except Newfoundland and Labrador, Ontario and Saskatchewan, which experienced slight decreases. The largest decline (0.5 percentage points) was in Newfoundland and Labrador (Table 1).

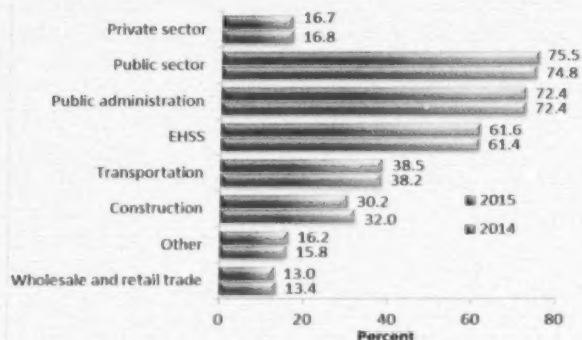
Union coverage by industry

At the industry level, the picture was mixed. The largest decrease occurred in the transportation industry, with a unionization rate drop of 1.8 percentage points.

Public administration remained the most unionized, with 72.4% of employees covered by a collective agreement, followed by the education, health, and social service (EHSS) industry (61.6%).

Union coverage in the public sector increased from 74.8% in 2014 to 75.5% in 2015, while coverage in the private sector dropped marginally, from 16.8% to 16.7% (Chart 13).

Chart 13: Union density, by sector and by industry¹², 2014 and 2015



Source: Statistics Canada, Labour Force Survey, (CANSIM, table 282-0078).

Union congresses, affiliations and mergers

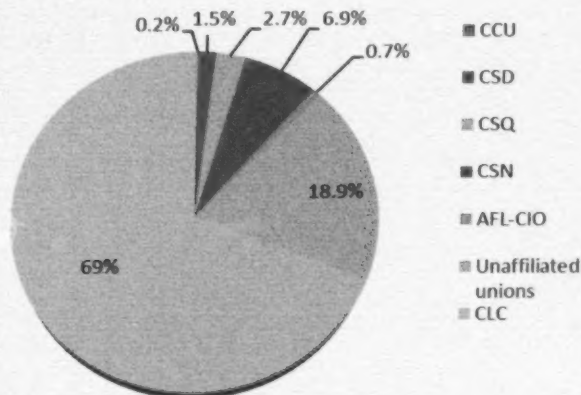
Unions affiliate with labour congresses for a variety of purposes, including: access to research, analysis, education, advocacy; and representation at national and international levels.

In 2015, unions representing 69.0% of workers covered by collective agreements (Chart 14) were affiliated with the Canadian Labour Congress (CLC), an increase from 68.8% in 2014.

The percentage of covered workers who were not affiliated with a congress decreased slightly, to 18.9%, compared to 19.1% in 2014.

¹² Eighty-seven percent of all employees covered by a collective bargaining agreement in 2015 were in the following industries: public administration; education, health and social services (EHSS); transportation; construction; and wholesale and retail. Employees not in those industries are categorized as part of "Other."

Chart 14 Union congress¹³ affiliation in Canada, 2015



In 2015, two mergers were reported:

- The New Frontier Independent Association, covering 50 members, merged with the Service Employees International Union; and
- The University of New Brunswick Employees Association brought their 320 members to Unifor local 4504.

Looking Ahead

Compared to 2015, the Labour Program anticipates a higher level of collective bargaining activity in 2016.¹⁴ Approximately two million employees will negotiate nearly 657 collective agreements (compared to 588 in 2015). Of these, around 85 agreements, covering 399,191 employees in the federal jurisdiction, will be up for negotiation in 2016.

The Labour Program forecasts the average wage adjustment over the duration of the major collective agreement settlements in 2016 to be 1.8%.¹⁵

¹³ Affiliations are with the following: Confederation of Canadian Unions (CCU); Centrale des syndicats démocratiques (CSD); Centrale des syndicats du Québec (CSQ); Confédération des syndicats nationaux (CSN); American Federation of Labor and Congress of Industrial Organizations (AFL-CIO); Canadian Labour Congress (CLC)

¹⁴ Forecast completed February, 2016.

¹⁵ For more details please refer to:

http://www.labour.gc.ca/eng/resources/info/publications/collective_bargaining/wage_forecast.shtml